

Message Text

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ACTION NEA-07

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 6288

C O N F I D E N T I A L TEHRAN 3289

LIMDIS

E.O. 11652: GDS

TAGS: BDIS, IR, US

SUBJ: PAYMENT OF COMMISSION ON TWA 747 SALE

1. PRIME MINISTER AND GENERAL TOUFANIAN(VICE MINISTER OF WAR) ARE DISTURBED BY AFP WIRE REPORT THAT HUGH COMMISSION WAS INCLUDED ON TWA'S SALE OF TWELVE 747S TO IRAN AND THAT MIDDLEMAN IS ALLEGED TO HAVE CLOSE TIES TO PRINCESS ASHRAF. TOUFANIAN SPOKE TO AMBASSADOR APRIL 1 AND EMBOFF MET WITH HIM APRIL 3 TO OBTAIN DETAILS. DURING LATTER MEETING PRIME MINISTER TELEPHONED TOUFANIAN TO UNDERSCORE URGENCY WITH WICH GOI VIEWS MATTER.

2. SUMMARY OF AFP REPORT FOLLOWS: TWA PAID \$20.1 MILLION TO HENRY R. DE KWIATKOWSKI ONSALE OF NINE 747S TO IRAN. COMMISSION REPRESENTED 11 PERCENT OF \$132.1 MILLION SALE SUPPOSEDLY HIGHEST RATE EVER PAID FOR SALE OF THIS KIND. KWIATKOWSKI ALSO RECEIVED \$3.8 MILLION ON SALE OF THREE CONTINENTAL AIRLINES 747S WHICH WERE INCLUDED IN TWA CONTRACT FOR TOATL OF TWELVE AIRCRAFT. TWA SPOKESMAN QUOTED AS DESCRIBING COMMISSION AS REASONABLE AND NEITHER ILLEGAL NOR UNUSUAL. STORY CONCLUDES BY IMPLYING THAT DEAL MADE POSSIBLE BY KWIATKOWSKI'S VERY CLOSE TIES TO SHAH'S TWIN SISTER, PRINCESS ASHRAF.

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3. TOUFANIAN SHOWED US HIS FILE OF TELEGRAMS FROM LATE 1973

TO VARIOUS AIRLINES EXPRESSING INTEREST IN PURCHASE OF USED 747S. TWA(R.W. RUMMEL) REPLIED THAT FIRM COULD OFFER PLANES AND THAT ITS BORKER KWIATKOWSKI WOULD ESTABLISH CONTACT. TOUFANIAN REPLIED BY CABLE ON JANUARY 12,1974, THAT HE WOULD PREFER DIRECT NEGOTIATIONS BETWEEN GOI AND TWA. TWA ANSWERED THAT KWIATKOWSKI WAS FIRM'S FULLY AUTHORIZED REPRESENTATIVE AND HAD POWER OF ATTORNEY. TOUFANIAN SAID WHEN HE MET KWIATKOWSKI HE TOLD HIM GOI POLICY BANNING MIDDLEMEN IN DEFENSE TRANSACTIONS AND EMPHASIZED THAT HE DID NOT WISH TO DEAL WITH KWIATKOWSKI AS OUTSIDE BORKER. KWIATKOWSKI RESPONDED THAT HE WOULD MAKE NO COMMISSION, THAT HE HAD LARGE HOLDINGS OF TWA STOCK AND WOULD RECEIVE HIS COMPENSATION THROUGH IMPROVEMENT OF STOCK'S VALUE ON THE MARKET. TOUFANIAN ACCEPTED THIS EXPLANATION AND POINTED TO LETTER ON TWA LETTER-HEAD PAPET CO-SIGNED BY KWIATKOWSKI AS "AUTHORIZED REPRESENTATIVE" AND BY A MR. JORDAN, TWA VICE PRESIDENT WHO, TOUFANIAN SAID, ALWAYS ACCOMPANIED KWIATKOWSKI. LETTER WAS FOR HIM, TOUFANIAN SAID, FURTHER PROOF THAT "KWIATKOWSKI WAS WORKING FOR TWA, NOT AN OUTSIDE BROKER."

4. TOUFANIAN SAID HE BOUGHT 747S FROM TWA BECAUSE PRICE WAS GOOD, AIRCRAFT WERE IN GOOD CONDITION AND COMPANY ENJOYED GOOD REPUTATION. HE EMPHASIZED THAT PRINCESS ASHRAF WAS NOT EVEN INFORMED OF SALE. HE HAD EXPLAINED GOI'S POSITION AGAINST PAYMENT OF AGENT FEES TO TWA AND COMPANY TOLD HIM NOTHING OF ANY CONTRACT WITH KWIATKOWSKI IF, IN FACT, SUCH EXISTED. IT WAS POSSIBLE THAT THERE WAS A CONTRACT THAT WAS LEGAL UNDER U.S. LAW, BUT IF SO, TWA'S CONDUCT WAS NOT PROPER, AND FIRM HAD DECEIVED HIM AS TO KWIATKOWSKI'S STATUS.

5. TOUFANIAN TELEPHONED KWIATKOWSKI APRIL 2 AND ASKED THAT HE AND TWA BOARD CHAIRMAN FLY TO IRAN THIS WEEK. KWIATKOWSKI SAID HE COULD NOT TRAVEL UNTIL AFTER APRIL 15. TOUFANIAN ASKED IF WE COULD ASSIST IN OBTAINING PUBLIC TWA DENIAL OF AFP STORY.

6. RECOMMEND THAT SENIOR DEPARTMENT OFFICERS BRING THIS MATTER TO ATTENTION OF TWA OFFICIALS TODAY AND REQUEST THAT THEY RESPOND TO GOI CONCERN. IF MATTER IS NOT DEALT WITH QUICKLY, ASSUME GOI WILL TAKE ITS CASE TO PRESS, THEREBY COMPLICATING EVENTUAL SOLUTION. AS DEPARTMENT IS AWARE, PRIME MINISTER AND TOUFANIAN HAVE BEEN IN FOREFRONT OF GOI CAMPAIGN AGAINST AGENTS FEES AND THEY

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ARE CLEARLY UNDER PRESSURE TO PRODUCE RESULTS. IF HIS MATTER IS NOT SETTLED, THERE COULD BE UNFORTUNATE IMPLICATIONS FOR OTHER US FIRMS.

7. PLEASE ADVISE.
HELMS

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